

STATEMENT OF COMPLAINT

1. On January 22, 2004, McLeodUSA account manager Tamela West prepared and faxed a McLeodUSA Cost Comparison for School District 149. This Cost Comparison is material in that the misrepresentations it contains were essential to the transaction between the parties. The Cost Comparison is a form used, in this case, to show a customer the cost advantages of switching from one service/pricing platform to another. McLeodUSA misrepresented the rate plan School District 149 was on at the time, used inaccurate subtotals, and also included all state, federal and local taxes, fees and surcharges which were not included in the comparison totals for the rate plan they wanted to switch District 149. According to McLeod's own Cost Comparison figures (sans taxes, etc.), when each line item is carried out correctly, the Flat Rate Plan was actually \$1,514.16 per month more expensive than District 149's then present rate plan as represented. But after the misrepresentation and deceptive practice of adding \$2,617.25 of taxes, fees, surcharges into the subtotals (without identifying as such) the Flat Rate plan is made to appear to be \$1,103.09 less expensive. (See Attachment)

2. When confronted with this information, Sean Gleason, a McLeodUSA account manager agreed that the taxes, etc. were included in the "current environment" representation but not the proposed Flat Rate environment. I requested my findings and request for voiding the 36-month agreement that was signed by District 149 based on the misrepresented, deceptive and material Cost Comparison along with refunding \$1,514.16 for each month District 149 had been encumbered under this deceptively obtained agreement, McLeodUSA counsel William Haas responded "that your client [School District 149] may have misinterpreted the [rate] quote and is confusing information related to a service never ordered..." and goes on to say "Equally important is the fact the agreement signed by the District provides as follows:

"This Agreement, including any Service or other Addendums, constitutes the entire understanding between Customer and McLeodUSA with respect to Services provided and supercedes any prior written or oral agreements, representations or understandings." (I contend that because the McLeodUSA Cost Comparison is material and therefore actionable under the Illinois Consumer Fraud and Deceptive Practices Act, McLeodUSA's corporate counsel William Haas' statements are incorrect and the Agreement itself is not valid.)

Mr. Haas concludes by saying "the District cannot now claim it was deceived into signing the agreement based on a superceded pricing comparison document that is not part of the agreement." Because McLeod's Cost Comparison is material under the Illinois Consumer Fraud and Deceptive Practices Act, in that it was precisely this misrepresentative and deceptive Cost Comparison that led District Business Manager Alicia Geddis to sign the new 36-month agreement in the first place, it can not be superceded because it is not part of the Agreement as Mr. Haas contends.

3. I am requesting that McLeodUSA be forced to void the present 36-agreement between it and School District 149, that McLeodUSA pay \$1,514.16 for each month District 149 has been on the present 36-month agreement and District 149 not be assessed any termination charges if they choose to leave McLeodUSA and engage the services of another provider.

NAME: **SCHOOL DISTRICT 149****292 TORRENCE AVE CALUMET CITY, IL 60409**

ANI: (708) 868-7855

Cost Comparison

| Current Environment 1/2/3 | | | | McLeodUSA 01/22/04 | | | |
|-----------------------------------|----------|----------|-------------------|-------------------------------------|----------|------------|-------------------|
| Local Service | | | | Local Service | | | |
| Lines | Quantity | Cost | Total | Lines | Quantity | Cost | Total |
| 136 | @ | 9.25 | \$1,258.00 | 15 | @ | 29.95 | \$449.25 |
| Features | @ | 10.50 | \$0.00 | 136 | @ | 31.95 | \$4,345.20 |
| Features | @ | 5 | \$0.00 | 0 | @ | 0.00 | \$0.00 |
| Features | @ | 0.6 | \$0.00 | | | | |
| Band A | | | | Band A | | | |
| Minutes | 28323 | @ | \$0.02 | Initial Min | 28323 | @ | 0 |
| | | | \$604.44 | | | | \$0.00 |
| Band B | | | | Band B | | | |
| Minutes | 8650 | @ | \$0.02 | Initial Min | 8650 | @ | 0 |
| | | | \$354.11 | | | | \$0.00 |
| Band C | | | | Band C | | | |
| | 14280 | @ | \$0.03 | | 14280 | @ | 0 |
| | | | \$1,372.00 | | | | \$0.00 |
| FCC | 136 | @ | 5.43 | FCC | 136 | @ | 0 |
| | | | \$738.48 | | | | \$0.00 |
| PICC | 136 | @ | 2.75 | PICC | 136 | @ | 0 |
| | | | \$374.00 | | | | \$0.00 |
| LNP Charges | 136 | @ | 0.28 | LNP | 136 | @ | 0 |
| | | | \$38.08 | | | | \$0.00 |
| Current Local Total | | | \$4,372.52 | McLeodUSA Local Total | | | \$4,794.45 |
| Long Distance | | | | Long Distance | | | |
| Dial 1 | Min. | CPM | Cost | Dial 1 | Min. | CPM | Cost |
| IntraLATA | @ | \$0.0997 | | IntraLATA | @ | | |
| Intrastate | 186.8 | @ | \$0.6667 | Intrastate | 186.8 | @ | 0.0432 |
| | | | \$11.23 | | | | \$8.07 |
| Interstate | 1788.5 | @ | \$0.0308 | Interstate | 1788.5 | @ | 0.0393 |
| | | | \$123.94 | | | | \$70.29 |
| Calling Cards | | | | Calling Cards | | | |
| Min | 0 | @ | \$0.17 | Min | 0 | @ | \$0.17 |
| | | | \$0.00 | | | | \$0.00 |
| Toll Free | | | | Toll Free | | | |
| Interstate | 1.4 | @ | \$0.000 | Interstate | 1.4 | @ | \$0.0417 |
| | | | \$0.11 | | | | \$0.06 |
| Intrastate | 0 | @ | \$0.000 | Intrastate | 0 | @ | 0.0494 |
| | | | \$0.00 | | | | \$0.00 |
| Current LD Total | | | \$469.68 | McLeodUSA LD Total | | | \$78.42 |
| Total Current Service Cost | | | \$5,875.96 | Total McLeodUSA Service Cost | | | \$4,872.87 |
| Additional Term Discount* | | | | | | 10% | \$487.29 |

*Last 3 mos
bill = 6,000*

| | | |
|-----------------|-------------|--------|
| Monthly Savings | \$1,590.38 | 2,000 |
| Yearly Savings | \$19,084.57 | 22,000 |
| Percent Savings | 27% | |